

Message Text

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TO AMEMBASSY LONDON

INFO AMEMBASSY OSLO

USMISSION NATO

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY MONROVIA

AMEMBASSY PANAMA

USMISSION GENEVA

AMEMBASSY BRUSSELS

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TAGS: N, ENRG, PFOR, UK

SUBJECT: THE ENERGY TRANSPORTATION SECURITY ACT OF 1974

1. BRITISH EMBASSY OFFICERS PRESENTED NOTE TO DEPART-
MENT MAY 3 TO REGISTER CONCERN ABOUT OIL IMPORT PREFERENCE
BILL. FOLLOWING IS TEXT OF NOTE:

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HERE BRITANNIC MAJESTY'S EMBASSY PRESENT THEIR COMPLIMENTS TO THE DEPARTMENT OF STATE AND HAVE THE HONOUR TO DEFER TO THE BILL (HR 8193) RECENTLY REPORTED TO THE FULL HOUSE OF REPRESENTATIVES BY THAT HOUSE'S MERCHANT MARINE AND FISHERIES COMMITTEE THE EFFECT OF WHICH, IF IMPLEMENTED, WOULD BE TO RESERVE A CERTAIN PROPORTION OF UNITED STATES IMPORTS OF PETROLEUM AND PETROLEUM PRODUCTS TO UNITED STATES FLAG VESSELS.

"THE DEPARTMENT OF STATE WILL BE AWARE THAT HER MAJESTY'S GOVERNMENTS IN COMMON WITH A NUMBER OF OTHER GOVERNMENTS, MADE REPRESENTATIONS TO THE DEPARTMENT OF STATE IN FEBRUARY 1972 AT A TIME WHEN A PREVIOUS PROPOSAL INVOLVING THE RESERVATION OF A PROPORTION OF UNITED STATES OIL IMPORTS TO UNITED STATES FLAG VESSELS WAS UNDER CONSIDERATION IN CONGRESS.

"THE EMBASSY ARE INSTRUCTED TO INFORM THE DEPARTMENT OF STATE THAT HER MAJESTY'S GOVERNMENT FEELS GREAT CONCERN AT THE REVIVAL OF THESE PROPOSALS IN THE UNITED STATES CONGRESS AT THE PRESENT TIME. THEY WILL OBVIOUSLY HAVE SOME EFFECT ON BRITISH SHIPPING AND FOR THIS REASON ALONE HER MAJESTY'S GOVERNMENT WOULD FEEL CONCERN. THERE ARE MOREOVER WIDER POTENTIAL REPERCUSSIONS TO WHICH HER MAJESTY'S GOVERNMENT WISHES PARTICULARLY TO DIRECT THE ATTENTION OF THE UNITED STATES GOVERNMENT. HER MAJESTY'S GOVERNMENT BELIEVES IT TO BE THE VIEW OF THE UNITED STATES GOVERNMENT THAT RESERVATION OF COMMERCIAL CARGOES, NO MATTER HOW ATTRACTIVE IN THE SHORT TERM, IS OF LONG TERM DETRIMENT TO THOSE PROTECTED AND TO THE ECONOMIC AND EFFICIENT CARRIAGE OF TRADE. THE CONSEQUENCES OF CARGO RESERVATION ARE, IF ANYTHING, MORE SERIOUS IN THE CARRIAGE OF BULK CARGOES THAN IN THE CARRIAGE OF LINER CARGOES SINCE THE MOVEMENT OF BULK CARGOES IS VERY OFTEN AN IMPORTANT LINK IN THE PRODUCTION ARRANGEMENTS OF INDUSTRIES THAT ARE OF MAJOR IMPORTANCE TO OUR ECONOMIES.

"HER MAJESTY'S GOVERNMENT HAS GREAT SYMPATHY WITH THE AIM OF CONGRESS (AS IT UNDERSTANDS THAT AIM) TO GUARD AGAINST THE APPLICATION OF SUCH PRACTICES BY OTHERS, AND TO

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ENSURE THAT THE UNITED STATES HAS UNDER ITS FLAG, FOR BOTH ECONOMIC AND STRATEGIC REASONS, AN ADEQUATE TANKER FLEET. HER MAJESTY'S GOVERNMENT WOULD POINT OUT, HOWEVER, THAT IN SHIPPING THE EXAMPLE OF THE UNITED STATES IS OFTEN RAPIDLY FOLLOWED BY OTHERS, IN PARTICULAR BY COUNTRIES WHO ARE NOT TRADITIONAL SHIP-OWNING NATIONS. THE APPLICATION OF CARGO RESERVATION TO BULK COMMERCIAL CARGOES WOULD BE A MAJOR CHANGE OF POLICY FOR THE UNITED

STATES. FAR FROM ACTING AS A DEFENCE AGAINST THE PRACTICE OF CARGO RESERVATION, HER MAJESTY'S GOVERNMENT GREATLY FEARS THAT IT WOULD ENCOURAGE ITS WIDER ADOPTION ESPECIALLY BY THOSE PRODUCER COUNTRIES WHO ALREADY HAVE AMBITIONS TOWARDS THE EXPANSION OF THEIR BULK CARGO FLEETS. THUS THE PROPOSED MEASURE WOULD EXACERBATE THE SITUATION AGAINST WHICH THE BILL IS, AT LEAST IN PART, DESIGNED TO GUARD. THE EFFECT FOR BOTH THE UNITED STATES AND FOR ITS ALLIES WOULD, IN THE LONG RUN, BE VERY SERIOUS.

"THE EMBASSY AVAIL THEMSELVES OF THIS OPPORTUNITY TO RENEW THE ASSURANCES OF THEIR HIGHEST CONSIDERATION. BRITISH EMBASSY, WASHINGTON, 8 MAY 1974." RUSH

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